OHIO AUDITOR OF STATE
KEITH FABER

EAST CLEVELAND CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2023

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

East Cleveland City School District
Cuyahoga County
1843 Stanwood Drive
East Cleveland, Ohio 44112

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Cleveland City School District, Cuyahoga County, Ohio (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the East Cleveland City School District, Cuyahoga County, Ohio as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Elementary and Secondary School Emergency Relief Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

April 9, 2024

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The discussion and analysis of the East Cleveland City School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements as well as the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- General revenues accounted for the majority of all revenues, with intergovernmental revenues representing the largest share of those revenues. Specific program revenues in the form of charges for services, operating grants and contributions and capital grants and contributions accounted for the remainder of all revenues.

- The School District is committed to meeting the academic needs of our students by providing them with updated instructional materials to compete in a global environment.

- Net position increased due to current year revenues exceeding current year expenditures by $16,625,026.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 34, and are organized so the reader can understand the East Cleveland City School District as a financial whole, or entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the School District, the most significant funds are the general fund and the Elementary and Secondary School Emergency Relief (ESSER) special revenue fund.

Reporting on the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains all of the funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the questions "How did we do financially during fiscal year 2023?" The statement of net position and the statement of activities provide the basis for answering these questions. The statements include all non-fiduciary assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting recognizes all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and any change in that position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The cause of this change may be the result of many factors, some strictly within the scope of the School District, some not. Non-financial factors include the School District's property tax base, community demographics, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

The statement of net position and the statement of activities is represented in one type of activity; Governmental Activities. The School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities as well as food service operations.

Reporting the School District's Most Significant Funds

The analysis of the School District's major funds begin on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, the fund financial statements focus on the School District's most significant funds. The School District's major funds are the general fund and the Elementary and Secondary School Emergency Relief (ESSER) special revenue fund.

Governmental Funds The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements of the governmental funds.

Proprietary Funds The School District maintains one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District's internal service fund accounts for revenues used to provide for medical claims of School District employees. The proprietary fund uses the accrual basis of accounting.

The District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole, showing assets, deferred outflows of resources, liabilities, deferred inflows of resources and the difference between them (net position). Table 1 provides a summary of the School District's net position for fiscal year 2023 compared to fiscal year 2022:

Table 1
Net Position

	Governmental Activities		
	2023	2022	Change
Assets			
Current and Other Assets	$43,076,694	$39,220,446	$3,856,248
Net OPEB Asset	2,916,545	2,541,414	375,131
Capital Assets, Net	75,687,380	66,899,633	8,787,747
Total Assets	121,680,619	108,661,493	13,019,126
Deferred Outflows of Resources			
Pension	7,528,049	7,614,547	(86,498)
OPEB	574,373	705,827	(131,454)
Total Deferred Outflows of Resources	8,102,422	8,320,374	(217,952)
Liabilities			
Current and Other Liabilities	4,671,669	4,147,728	(523,941)
Long-Term Liabilities:			
Due Within One Year	894,765	1,106,533	211,768
Due in More than One Year:			
Net Pension Liability	32,455,213	20,569,126	(11,886,087)
Net OPEB Liability	1,819,555	2,493,088	673,533
Other Amounts	4,583,264	5,216,507	633,243
Total Liabilities	44,424,466	33,532,982	(10,891,484)
Deferred Inflows of Resources			
Property Taxes	6,164,016	6,213,990	49,974
Pension	7,168,609	21,676,793	14,508,184
OPEB	5,654,330	5,811,508	157,178
Total Deferred Inflows of Resources	18,986,955	33,702,291	14,715,336
Net Position			
Net Investment in Capital Assets	72,475,765	64,217,051	8,258,714
Restricted:			
Capital Projects	679,693	679,693	0
OPEB Plans	412,462	0	412,462
Other Purposes	2,085,948	2,037,076	48,872
Unrestricted (Deficit)	(9,282,248)	(17,187,226)	7,904,978
Total Net Position	$66,371,620	$49,746,594	$16,625,026

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2023. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

Net position increased primarily as a result of increases in the current and other assets and capital assets, net as well as a decrease in in deferred inflows related to net pension. Other factors contributing to the increase in net position included an increase in operating grants and contributions revenues.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2023 compared to fiscal year 2022.

Table 2
Change in Net Position

	Governmental Activities		
	2023	2022	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	$1,903,624	$3,427,327	($1,523,703)
Operating Grants and Contributions	26,496,269	15,324,296	11,171,973
Capital Grants and Contributions	30,000	0	30,000
Total Program Revenues	28,429,893	18,751,623	9,678,270
General Revenues:			
Property Taxes	8,939,695	9,401,031	(461,336)
Grants and Entitlements	27,700,368	27,063,617	636,751
Investment Earnings/Interest	182,437	16,514	165,923
Unrestricted Contributions and Donations	0	14,746	(14,746)
Miscellaneous	683,349	832,934	(149,585)
Total General Revenues	37,505,849	37,328,842	177,007
Total Revenues	$65,935,742	$56,080,465	$9,855,277

(continued)

Table 2
Change in Net Position
(Continued)

	Governmental Activities		
	2023	2022	Change
Program Expenses			
Instruction	$23,495,564	$21,889,528	($1,606,036)
Support Services:			
Pupil	3,473,551	2,719,394	(754,157)
Instructional Staff	1,035,832	720,649	(315,183)
Board of Education	213,223	196,544	(16,679)
Administration	4,764,911	4,282,530	(482,381)
Fiscal	1,666,066	1,476,294	(189,772)
Business	763,456	831,592	68,136
Operation and Maintenance of Plant	8,250,027	3,223,812	(5,026,215)
Pupil Transportation	1,179,713	1,054,959	(124,754)
Central	2,775,690	2,398,715	(376,975)
Operation of Non-Instructional Services:			
Food Service Operations	1,207,455	584,225	(623,230)
Other Non-Instructional Services	45,738	11,674	(34,064)
Extracurricular Activities	348,996	438,879	89,883
Interest	90,494	113,497	23,003
Total Program Expenses	49,310,716	39,942,292	(9,368,424)
Change in Net Position	16,625,026	16,138,173	486,853
Net Position Beginning of Year	49,746,594	33,608,421	16,138,173
Net Position End of Year	$66,371,620	$49,746,594	$16,625,026

Governmental Activities

The School District carefully plans its financial future by projecting its revenues and expenses and presents them in a five-year forecast. The five-year forecast changes continually and is presented to and approved by the Board of Education at least twice a year.

The main sources of revenue for the School District are the State of Ohio payments through foundation and grants. Although the School District relies upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs. Grants and entitlements made up the largest portion of total revenues while operating grants and contributions make up the second largest portion of total revenues in the School District for fiscal year 2023. Charges for services, property taxes, investments, unrestricted contributions and donations and miscellaneous revenue made up the remainder of total revenues.

Total expenses are made up of two main areas: instruction and support services. Support services are made up of many subsections. Instruction costs made up the majority of all governmental expenses. Support services provide services such as busing, guidance, building and ground maintenance, administration, board of education and fiscal. Other areas of expenses are non-instructional services such as food services, extracurricular activities and interest.

The increase in program expenses from the prior year is largely due to ongoing maintenance projects throughout the School District.

The statement of activities shows the cost of program services and the charges for services and sales and grants and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Net Cost of Governmental Activities

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Instruction:	$23,495,564	$13,015,419	$21,889,528	$12,614,209
Support Services:				
Pupils	3,473,551	2,100,390	2,719,394	825,208
Instructional Staff	1,035,832	242,479	720,649	(18,534)
Board of Education	213,223	202,433	196,544	178,415
Administration	4,764,911	3,800,202	4,282,530	3,681,796
Fiscal	1,666,066	1,576,408	1,476,294	1,331,042
Business	763,456	724,293	831,592	755,019
Operation and Maintenance of Plant	8,250,027	(3,816,107)	3,223,812	2,154,409
Pupil Transportation	1,179,713	351,139	1,054,959	55,587
Central	2,775,690	2,280,330	2,398,715	1,916,952
Operation of Non-Instructional Services:				
Operation of Food Services	1,207,455	23,586	584,225	(248,109)
Other Non-Instructional Services	45,738	45,738	11,674	11,674
Extracurricular Activities	348,996	244,019	438,879	(2,180,496)
Interest	90,494	90,494	113,497	113,497
Total	$49,310,716	$20,880,823	$39,942,292	$21,190,669

The dependence on tax revenues and State subsidies for governmental activities is apparent, representing 55.57 percent of all revenues.

The School District's Funds

Information about the School District's governmental funds begins with the balance sheet on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $66,336,511 and expenditures of $62,594,729. The net change in fund balance for the fiscal year 2023 in the general fund was an increase of $4,080,665, due to expenditures being paid from COVID-19 distributions from the federal government instead of the general fund. The net change in fund balance for the year in the ESSER special revenue fund was a increase of $572,046 due to revenues exceeding expenditures.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

The general fund original budgeted revenues amounted to $45,512,295, final budgeted revenues amounted to $46,696,407, and actual revenue amounted to $43,037,051. Actual revenues were less than final budgeted revenues by $3,659,356, primarily due to lower than anticipated tuition and fees revenue. The general fund original budgeted expenditures amounted to $51,103,447, final budgeted expenditures amounted to $42,885,805, and actual expenditures amounted to $40,127,796. Actual expenditures were lower than final budgeted expenditures by $2,758,009, primarily due to prudent spending. The School District ended the current fiscal year with an increase in fund balance from fiscal year 2022 as management closely monitored the budget and limited spending.

The School District uses a modified site-based budget technique which is designed to tightly control site budgets while providing flexibility for site management. The School District prepares and monitors a detailed cashflow plan for the general fund annually. Actual cashflow is compared to month-to-date and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

Capital Assets and Debt Administration

Capital Assets

All capital assets, except land and construction in progress, are reported net of depreciation. The increase in capital assets was due to current year additions to capital assets exceeding depreciation. Additions for the year included the audio and video equipment, as well as construction in progress related to an outdoor learning center and various building improvements throughout the School District. For additional information on capital assets, see Note 13 of the notes to the basic financial statements.

Debt

The School District had a financed purchase in the amount of $1,791,077 and lease payables in the amount of $427,276 outstanding at June 30, 2023. During fiscal year 2020, the School District entered into an energy conservation lease for lighting improvements throughout the School District. In prior years, the School District signed lease agreements for a bus garage. During fiscal year 2023, the School District entered into a new copier lease agreement in the amount of $207,129.

The School District's overall debt margin was $14,157,759 with an unvoted debt margin of $157,308. For additional information on long-term obligations, see Note 19 of the notes to the basic financial statements.

Current Financial Related Activities

As the preceding information shows, the School District is dependent on property taxes. Property tax revenue does not increase solely as a result of inflation. Therefore, the School District must continue to monitor its revenues and expenses to ensure the public's confidence and support.

The School District does not anticipate any meaningful growth in revenue as a result of any of the changes in taxes. Based on these factors, the Board of Education and the administration of the School District must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the School District.

Challenges and Opportunities

The goal of the School District continues to be to maintain the highest standards of service to our students, parents and community.

The mission of the School District is to provide the children of East Cleveland with the academic and life skills needed for each and every student to be a success in the 21st Century.

To meet these goals it is imperative that the School District's management and staff continue to carefully and prudently plan in order to provide the resources and education required to meet student needs over the next several years.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Diana C. Whitt, Treasurer/CFO at East Cleveland City School District, 1843 Stanwood Road, East Cleveland, Ohio 44112-2901.

Basic Financial Statements

East Cleveland City School District
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$26,525,515
Cash and Cash Equivalents with Fiscal Agents	2,735,746
Accounts Receivable	154,844
Intergovernmental Receivable	4,659,165
Prepaid Items	66,925
Inventory Held for Resale	7,524
Materials and Supplies Inventory	2,661
Property Taxes Receivable	8,924,314
Net OPEB Asset (See Note 23)	2,916,545
Nondepreciable Capital Assets	12,441,486
Depreciable Capital Assets	63,245,894
Total Assets	121,680,619
Deferred Outflows of Resources	
Pension	7,528,049
OPEB	574,373
Total Deferred Outflows of Resources	8,102,422
Liabilities	
Accounts Payable	595,846
Accrued Wages and Benefits Payable	1,281,138
Intergovernmental Payable	1,097,576
Contracts Payable	705,270
Retainage Payable	487,223
Accrued Interest Payable	9,515
Claims Payable	495,101
Long-Term Liabilities:	
Due Within One Year	894,765
Due in More Than One Year:	
Net Pension Liability (See Note 22)	32,455,213
Net OPEB Liability (See Note 23)	1,819,555
Other Amounts Due in More Than One Year	4,583,264
Total Liabilities	44,424,466
Deferred Inflows of Resources	
Property Taxes	6,164,016
Pension	7,168,609
OPEB	5,654,330
Total Deferred Inflows of Resources	18,986,955
Net Position	
Net Investment in Capital Assets	72,475,765
Restricted for:	
Capital Projects	679,693
OPEB Plans	412,462
Other Purposes	2,085,948
Unrestricted (Deficit)	(9,282,248)
Total Net Position	$66,371,620

See accompanying notes to the basic financial statements

East Cleveland City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	$13,097,542	$460,082	$4,669,342	$0	($7,968,118)
Special	8,113,749	290,118	4,636,268	0	(3,187,363)
Vocational	818,866	43,136	307,041	0	(468,689)
Student Intervention Services	1,465,407	74,158	0	0	(1,391,249)
Support Services:					
Pupil	3,473,551	102,519	1,270,642	0	(2,100,390)
Instructional Staff	1,035,832	27,576	765,777	0	(242,479)
Board of Education	213,223	10,790	0	0	(202,433)
Administration	4,764,911	241,608	723,101	0	(3,800,202)
Fiscal	1,666,066	89,658	0	0	(1,576,408)
Business	763,456	38,538	625	0	(724,293)
Operation and Maintenance of Plant	8,250,027	271,244	11,794,890	0	3,816,107
Pupil Transportation	1,179,713	52,663	775,911	0	(351,139)
Central	2,775,690	127,244	368,116	0	(2,280,330)
Operation of Non-Instructional Services:					
Operation of Food Services	1,207,455	2,113	1,181,756	0	(23,586)
Other Non-Instructional Services	45,738	0	0	0	(45,738)
Extracurricular Activities	348,996	72,177	2,800	30,000	(244,019)
Interest	90,494	0	0	0	(90,494)
Total Governmental Activities	$49,310,716	$1,903,624	$26,496,269	$30,000	(20,880,823)
		General Revenues			
		Property Taxes Levied for:			
		General Purposes			8,939,695
		Grants and Entitlements not Restricted to Specific Programs			27,700,368
		Investment Earnings/Interest			182,437
		Miscellaneous			683,349
		Total General Revenues			37,505,849
		Change in Net Position			16,625,026
		Net Position Beginning of Year			49,746,594
		Net Position End of Year			$66,371,620

See accompanying notes to the basic financial statements

East Cleveland City School District

Balance Sheet
Governmental Funds
June 30, 2023

	General	Elementary and Secondary School Emergency Relief	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	$19,851,822	$4,452,061	$2,068,701	$26,372,584
Restricted Asset:				
Equity in Pooled Cash and Cash Equivalents	103,271	0	0	103,271
Accounts Receivable	98,037	0	56,807	154,844
Intergovernmental Receivable	186,133	2,866,578	1,606,454	4,659,165
Prepaid Items	66,925	0	0	66,925
Inventory Held for Resale	0	0	7,524	7,524
Materials and Supplies Inventory	0	0	2,661	2,661
Interfund Receivable	8,078,476	0	27,177	8,105,653
Property Taxes Receivable	8,924,314	0	0	8,924,314
Total Assets	$37,308,978	$7,318,639	$3,769,324	$48,396,941
Liabilities				
Accounts Payable	$418,651	$12,731	$130,397	$561,779
Accrued Wages and Benefits Payable	1,072,849	0	208,289	1,281,138
Intergovernmental Payable	1,008,706	0	88,870	1,097,576
Contracts Payable	199,232	506,038	0	705,270
Interfund Payable	437,893	6,312,647	1,850,214	8,600,754
Retainage Payable	0	487,223	0	487,223
Total Liabilities	3,137,331	7,318,639	2,277,770	12,733,740
Deferred Inflows of Resources				
Unavailable Revenue	1,539,560	0	148,821	1,688,381
Property Taxes	6,164,016	0	0	6,164,016
Total Deferred Inflows of Resources	7,703,576	0	148,821	7,852,397
Fund Balances				
Nonspendable	170,196	0	2,661	172,857
Restricted	0	0	1,700,113	1,700,113
Assigned	10,314,066	0	0	10,314,066
Unassigned (Deficit)	15,983,809	0	(360,041)	15,623,768
Total Fund Balances	26,468,071	0	1,342,733	27,810,804
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$37,308,978	$7,318,639	$3,769,324	$48,396,941

See accompanying notes to the basic financial statements

East Cleveland City School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023

Total Governmental Funds Balances		$27,810,804
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		75,687,380
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable in the funds:		
Delinquent Property Taxes	1,539,560	
Intergovernmental	148,821	
Total		1,688,381
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.		(9,515)
The internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the self insurance internal service fund are included in governmental activities in the statement of net position.		2,751,339
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Financed Purchase	(1,791,077)	
Leases Payable	(427,276)	
Compensated Absences	(3,259,676)	
Total		(5,478,029)
The net pension liability and net OPEB asset/liability is not due and payable in the current period; therefore, the asset/liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	7,528,049	
Net Pension Liability	(32,455,213)	
Deferred Inflows - Pension	(7,168,609)	
Net OPEB Asset	2,916,545	
Deferred Outflows - OPEB	574,373	
Net OPEB Liability	(1,819,555)	
Deferred Inflows - OPEB	(5,654,330)	
Total		(36,078,740)
Net Position of Governmental Activities		$66,371,620

See accompanying notes to the basic financial statements

East Cleveland City School District

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2023

	General	Elementary and Secondary School Emergency Relief	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	$8,836,799	$0	$0	$8,836,799
Intergovernmental	30,853,471	16,700,935	6,340,137	53,894,543
Investment Earnings/Interest	146,064	0	0	146,064
Tuition and Fees	1,966,754	0	0	1,966,754
Rentals	24,565	0	0	24,565
Extracurricular Activities	3,676	0	59,498	63,174
Contributions and Donations	1,422	0	987,381	988,803
Miscellaneous	415,809	0	0	415,809
Total Revenues	42,248,560	16,700,935	7,387,016	66,336,511
Expenditures				
Current:				
Instruction:				
Regular	9,296,245	1,019,361	1,098,955	11,414,561
Special	6,770,783	0	2,475,898	9,246,681
Vocational	908,130	0	61,948	970,078
Student Intervention Services	1,465,407	0	0	1,465,407
Support Services:				
Pupil	1,980,784	78,173	1,771,767	3,830,724
Instructional Staff	529,880	3,381	584,664	1,117,925
Board of Education	213,223		0	213,223
Administration	4,681,381	76,267	530,706	5,288,354
Fiscal	1,499,314	0	0	1,499,314
Business	757,730	0	500	758,230
Operation and Maintenance of Plant	5,119,228	3,136,855	114,846	8,370,929
Pupil Transportation	1,060,372	19,000	44,465	1,123,837
Central	2,570,679	0	267,961	2,838,640
Operation of Non-Instructional Services	45,738	0	0	45,738
Operation of Food Services	0	10,000	1,251,134	1,261,134
Extracurricular Activities	216,637	0	104,789	321,426
Capital Outlay	432,361	11,785,852	149,000	12,367,213
Debt Service:				
Principal Retirement	369,574	0	0	369,574
Interest	91,741	0	0	91,741
Total Expenditures	38,009,207	16,128,889	8,456,633	62,594,729
Excess of Revenues Over (Under) Expenditures	4,239,353	572,046	(1,069,617)	3,741,782
Other Financing Sources (Uses)				
Inception of Lease	207,129	0	0	207,129
Transfers In	0	0	365,817	365,817
Transfers Out	(365,817)	0	0	(365,817)
Total Other Financing Sources (Uses)	(158,688)	0	365,817	207,129
Net Change in Fund Balances	4,080,665	572,046	(703,800)	3,948,911
Fund Balances (Deficit) Beginning of Year	22,387,406	(572,046)	2,046,533	23,861,893
Fund Balances End of Year	$26,468,071	$0	$1,342,733	$27,810,804

See accompanying notes to the basic financial statements

East Cleveland City School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balances -Total Governmental Funds		$3,948,911
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:		
Capital Asset Additions	11,882,077	
Capital Contributions	30,000	
Current Year Depreciation	(3,018,265)	
Total		8,893,812
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(106,065)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	102,896	
Intergovernmental	(686,709)	
Tuition and Fees	(150,869)	
Fiscal Fees Returned	(297,394)	
Total		(1,032,076)
Other financing sources, such as inception of lease, in the governmental funds increase long-term liabilities in the statement of net position.		(207,129)
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds an interest expenditure is reported when due.		1,247
Repayment of financed purchase and leases payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		369,574
Compensated absences reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		682,566
The internal service fund used by management to charge the costs of insurance to individual funds are not reported in the district-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund are allocated among the governmental activities.		464,199
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts in deferred outflows:		
Pension	2,966,222	
OPEB	34,274	
Total		3,000,496
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension expense in the statement of activities:		
Pension	(430,623)	
OPEB	1,040,114	
Total		609,491
Change in Net Position of Governmental Activities		$16,625,026

See accompanying notes to the basic financial statements

East Cleveland City School District

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Property Taxes	$7,475,465	$8,991,371	$8,810,739	($180,632)
Intergovernmental	31,838,856	31,527,125	31,720,061	192,936
Interest	152,722	153,932	146,064	(7,868)
Tuition and Fees	4,758,753	4,736,465	1,976,844	(2,759,621)
Rentals	0	0	24,565	24,565
Extracurricular Activities	0	0	1,798	1,798
Contributions and Donations	374,376	381,866	5,260	(376,606)
Miscellaneous	912,123	905,648	351,720	(553,928)
Total Revenues	45,512,295	46,696,407	43,037,051	(3,659,356)
Expenditures				
Current:				
Instruction:				
Regular	12,931,928	9,454,546	9,415,724	38,822
Special	8,767,405	8,072,646	7,334,826	737,820
Vocational	1,146,714	907,149	903,002	4,147
Student Intervention Services	2,215,995	1,508,545	1,508,545	0
Support Services:				
Pupil	2,534,043	2,199,345	2,199,345	0
Instructional Staff	528,454	499,764	499,764	0
Board of Education	457,548	266,200	247,093	19,107
Administration	5,976,847	4,685,318	4,657,430	27,888
Fiscal	2,487,337	1,905,341	1,541,783	363,558
Business	1,032,208	766,429	765,604	825
Operation and Maintenance of Plant	7,398,263	7,179,476	6,238,179	941,297
Pupil Transportation	1,486,075	1,393,160	1,252,950	140,210
Central	3,460,435	3,287,381	2,881,660	405,721
Operation of Non-Instructional Services	4,174	45,044	42,595	2,449
Extracurricular Activities	73,426	245,095	227,295	17,800
Capital Outlay	602,595	470,366	412,001	58,365
Total Expenditures	51,103,447	42,885,805	40,127,796	2,758,009
Excess of Revenues Over (Under) Expenditures	(5,591,152)	3,810,602	2,909,255	(901,347)
Other Financing Sources (Uses)				
Advances In	931,197	736,015	8,492,590	7,756,575
Advances Out	(2,123,148)	(8,172,489)	(8,078,476)	94,013
Transfers Out	(239,020)	(365,817)	(365,817)	0
Total Other Financing Sources (Uses)	(1,430,971)	(7,802,291)	48,297	7,850,588
Net Change in Fund Balance	(7,022,123)	(3,991,689)	2,957,552	6,949,241
Fund Balance Beginning of Year	12,307,560	12,307,560	12,307,560	0
Prior Year Encumbrances Appropriated	2,460,615	2,460,615	2,460,615	0
Fund Balance End of Year	$7,746,052	$10,776,486	$17,725,727	$6,949,241

See accompanying notes to the basic financial statements

East Cleveland City School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Elementary and Secondary School Emergency Relief Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$12,361,432	$31,269,000	$14,787,916	($16,481,084)
Expenditures				
Current:				
Instruction:				
Regular	1,426,858	4,702,832	1,649,387	3,053,445
Special	49,166	0	0	0
Support Services:				
Pupil	45,524	207,087	92,389	114,698
Instructional Staff	40,018	574,685	3,381	571,304
Administration	526	424,424	76,267	348,157
Operation and Maintenance of Plant	3,280,891	3,595,011	3,595,011	0
Pupil Transportation	375	520,000	19,000	501,000
Central	71,512	0	0	0
Operation of Food Services	15,241	19,178	18,969	209
Capital Outlay	10,158,703	14,601,281	14,601,281	0
Total Expenditures	15,088,814	24,644,498	20,055,685	4,588,813
Excess of Revenues Over (Under) Expenditures	(2,727,382)	6,624,502	(5,267,769)	(11,892,271)
Other Financing Sources (Uses)				
Advances In	0	0	6,285,470	6,285,470
Advances Out	0	(5,606,515)	(5,606,515)	0
Total Other Financing Sources (Uses)	0	(5,606,515)	678,955	6,285,470
Net Change in Fund Balance	(2,727,382)	1,017,987	(4,588,814)	(5,606,801)
Fund Balance Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	4,588,814	4,588,814	4,588,814	0
Fund Balance End of Year	$1,861,432	$5,606,801	$0	($5,606,801)

See accompanying notes to the basic financial statements

East Cleveland City School District

Statement of Fund Net Position

Internal Service Fund

June 30, 2023

	Self Insurance
Assets	
Equity in Pooled Cash and Cash Equivalents	$49,660
Cash and Cash Equivalents with Fiscal Agents	2,735,746
Interfund Receivable	495,101
Total Assets	3,280,507
Liabilities	
Current Liabilities	
Accounts Payable	34,067
Claims Payable	495,101
Total Liabilities	529,168
Net Position	
Unrestricted	$2,751,339

See accompanying notes to the basic financial statements

East Cleveland City School District

Statement of Revenues,
Expenses and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2023

	Self Insurance
Operating Revenues	
Charges for Services	$5,884,094
Miscellaneous	267,540
Total Operating Revenues	6,151,634
Operating Expenses	
Purchased Services	214,925
Claims	5,508,883
Total Operating Expenses	5,723,808
Operating Income	427,826
Non-Operating Revenues	
Interest	36,373
Change in Net Position	464,199
Net Position Beginning of Year	2,287,140
Net Position End of Year	$2,751,339

See accompanying notes to the basic financial statements

East Cleveland City School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2023

	Self Insurance
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	$5,870,684
Cash Received from Other Sources	267,540
Cash Payments for Services	(180,858)
Cash Payments for Claims	(5,495,473)
Net Cash Provided by (Used for) Operating Activities	461,893
Cash Flows from Investing Activities	
Interest on Investments	36,373
Net Increase (Decrease) in Cash and Cash Equivalents	498,266
Cash and Cash Equivalents Beginning of Year	2,287,140
Cash and Cash Equivalents End of Year	$2,785,406
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	$427,826
Adjustments:	
Increase in Interfund Receivable	(13,410)
Increase in Accounts Payable	34,067
Increase in Claims Payable	13,410
Total Adjustments	34,067
Net Cash Provided by (Used for) Operating Activities	$461,893

See accompanying notes to the basic financial statements

Note 1 – Description of the School District and Reporting Entity

East Cleveland City School District (the School District) is a city school district as defined by Section 3311.02 of the Ohio Revised Code. Although the first public school in East Cleveland was established by the township in 1846, the will of John Shaw in 1835 provided for the establishment of a private academy in East Cleveland Township. In 1870, the Board of Education of East Cleveland Township assumed management of the academy and in 1883, the Board and the Shaw Trustees agreed on the Board's long-range operation of the school. The School District is one of the 607 school districts in the State of Ohio and one of 31 in Cuyahoga County, and provides education to 1,327 students in grades K through 12. The School District is located in northeast Ohio, covers approximately 2.8 square miles and includes all of the City of East Cleveland and a small portion of the City of Cleveland Heights. The operation of the School District is governed by an elected five-member Board of Education.

The Board controls the School District's three elementary schools, one middle school and one high school, staffed by 98 support staff personnel, 139 certified teaching personnel and 23 administrators who provide services to community members and students.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, the agencies and departments provide the following services: general operations, food service and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

The School District participates in a related organization, two insurance purchasing pools and two jointly governed organizations. These organizations are the East Cleveland Public Library, the Jefferson Health Plan, the Ohio School Boards Association Workers' Compensation Group Rating Program, Connect, and Ohio Schools' Council Association. These organizations are presented in Notes 15, 16, and 17 of the notes to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described as follows.

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. These statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the School District has only governmental activities; therefore, no business-type activities are presented.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which a governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The funds of the School District are divided into three categories: governmental, proprietary and fiduciary. The School District has no fiduciary funds.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

> ***General Fund*** The general fund is the operating fund of the School District and is used to account for and report all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Elementary and Secondary School Emergency Relief (ESSER) Fund The ESSER fund accounts for and reports restricted Federal monies used to support the education of students in response to public health emergency.

The other governmental funds of the School District account for grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Proprietary Funds Proprietary funds reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's internal service fund accounts for self insurance for medical claims of School District employees.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of this fund is included on the statement of fund net position. The statement of changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statement presented for proprietary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 8). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, and fees.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 22 and 23.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental revenue, fiscal fees refunded and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 22 and 23)

Expenditures/Expenses On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Budgetary Data

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds. The budgets are monitored at the object level within a function and fund. The Treasurer has been given the authority to allocate appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original and final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated resources by fund. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including amounts automatically carried over from prior fiscal years.

Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

The School District utilizes a financial institution to service self-insurance payments as they come due. The balances in these accounts are presented in the statements as "cash and cash equivalents with fiscal agents."

During fiscal year 2023, the School District's investments were limited to STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of $100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to $250 million per day.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment Earnings/Interest revenue credited to the general fund during 2023 amounted to $146,064 which includes $46,454 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the general fund include amounts for unclaimed monies.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption. Inventories consist of donated food, purchased food and school supplies held for resale, and materials and supplies held for consumption.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets

All capital assets (except for intangible right-to-use lease assets which are discussed below) of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land Improvements	10 - 40 years
Buildings and Improvements	10 - 40 years
Furniture and Equipment	10 - 20 years
Vehicles	12 years
Textbooks	7 years
Intangible Right to Use - Buildings	6 Years
Intangible Right to Use - Equipment	5 Years

The School District is reporting intangible right to use assets related to lease assets. The lease assets include buildings and equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. These intangible right to use assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net position.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District’s past experience of making termination payments.

Leases Payable

The School District serves as lessee in various noncancellable leases. At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported in the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Financed purchases and leases are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Internal Activity

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in the internal service fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net position for OPEB plans represent the corresponding restricted asset amounts after considering the related deferred outflows and deferred inflows. Net position restricted for other purposes include resources restricted for teacher development and student services.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by the highest level formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance includes the remaining amount that is not restricted or committed. These assigned balances are established by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education or a School District official delegated that authority by resolution by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The School District's Board of Education assigned fund balance for public school support services and for fiscal year 2024 operations.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance program. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3 – Change in Accounting Principles

For fiscal year 2023, the School District implemented Governmental Accounting Standards Board (GASB) No. 91, *Conduit Debt Obligations*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* and GASB Statement No. 99, *Omnibus 2022*.

GASB 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The School District did not have any debt that met the definition of conduit debt.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The School District did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The School District did not have any contracts that met the GASB 96 definition of a SBITA, other than short-term SBITAs.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

Note 4 – Accountability

At June 30, 2023, the following funds had deficit fund balances:

Fund	Amount
Other Governmental Funds	
Food Service	$211,220
Public School - Preschool	70,283
Title I	37,164
Title VI-B	26,403
Vocational Education	7,815
Title VIR	7,156

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balances – budget (non-GAAP basis) and actual for the general fund and major special revenue fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

4. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed or assigned fund balance (GAAP basis).

5. Budgetary revenues and expenditures of the public school support fund are reclassified to the general fund for GAAP reporting.

6. Investments are reported at fair value (GAAP) rather than cost (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund and ESSER major special revenue fund.

Net Change in Fund Balance

	General	ESSER
GAAP Basis	$4,080,665	$572,046
Net Adjustment for Revenue Accruals	690,004	(7,519,534)
Advances In	8,492,590	6,285,470
Beginning Fair Value Adjustment for Investments	95,187	0
Net Adjustment for Expenditure Accruals	(163,113)	6,131,780
Advances Out	(8,078,476)	(5,606,515)
Perspective Difference:		
Public School Support	10,791	0
Encumbrances	(2,170,096)	(4,452,061)
Budget Basis	$2,957,552	($4,588,814)

Note 6 – Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active deposits are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio); and

8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2023, $10,339,654 of the School District's total bank balance of $26,217,634 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. One of the School District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

At June 30, 2023, the School District had $489,456 invested in STAR Ohio measured at net asset value per share with a Standard & Poor's credit rating of AAAm and an average maturity of 38.5 days.

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Concentration of Credit Risk. The School District places no limit on the amount it may invest in any one issuer.

Note 7 – Receivables

Receivables at June 30, 2023, consisted of taxes, intergovernmental and grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of principal items of intergovernmental receivables follows:

Governmental Activities	Amount
ESSER	$2,866,578
Title I	978,644
Various Ohio School Districts	186,133
Drug Free	166,002
Title VI-B	161,955
Early Childhood Education	126,733
Reducing Class Size	90,631
Cuyahoga County	31,795
Carl Perkins	25,759
Lunchroom	24,935
Total	$4,659,165

Note 8 – Property Taxes

Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2022, were levied after April 1, 2022 and are collected in calendar year 2023 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Cuyahoga County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2023 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2023, was $1,344,058 in the general fund. The amount available as an advance at June 30, 2022, was $1,317,998 in the general fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which the fiscal year 2023 taxes were collected are:

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate				
Residential/Agricultural	$88,007,890	58.69 %	$87,673,760	55.73 %
Other Real Estate	43,468,320	28.99	50,008,900	31.79
Public Utility	18,471,100	12.32	19,625,770	12.48
Total	$149,947,310	100.00 %	$157,308,430	100.00 %
Tax rate per $1,000 of assessed valuation	$88.38		$88.38	

Tax Abatements

The School District property taxes were reduced by $312,265 under various community reinvestment area agreements entered into by the City of East Cleveland.

Note 9 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	Other Governmental Funds	Total
Nonspendable:			
Unclaimed Monies	$103,271	$0	$103,271
Inventory	0	2,661	2,661
Prepaids	66,925	0	66,925
Total Nonspendable	170,196	2,661	172,857
Restricted for:			
Adult Education	0	316	316
Technology Improvements	0	125,676	125,676
Educational Services	0	462,852	462,852
Student Services	0	352,207	352,207
Capital Improvements	0	759,062	759,062
Total Restricted	0	1,700,113	1,700,113
Assigned to:			
Public School Support Services	59,314	0	59,314
Fiscal Year 2024 Appropriations	8,441,884	0	8,441,884
Purchases on Order:			
Instruction	581,602	0	581,602
Support Services	1,161,734	0	1,161,734
Extracurricular Activities	67,741	0	67,741
Capital Outlay	1,791	0	1,791
Total Assigned	10,314,066	0	10,314,066
Unassigned (Deficit)	15,983,809	(360,041)	15,623,768
Total Fund Balances	$26,468,071	$1,342,733	$27,810,804

Note 10 – Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2023.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, all ODE adjustments for fiscal year 2023 have been finalized.

Litigation

The School District is a party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

Note 11 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2023, the School District contracted with Liberty Mutual Insurance Company for property insurance of $169,434,455, fleet insurance of $1,000,000 and liability coverage of $1,000,000 per occurrence with no deductible (latest information available).

Professional liability is protected by the Liberty Mutual Insurance Company. General liability is protected with Liberty Mutual Insurance Company with a $2,000,000 annual aggregate/$1,000,000 single occurrence limit. The bus fleet is also covered by $1,000,000 per occurrence limit with an additional $5,000,000 umbrella policy through Liberty Mutual Insurance Company (latest information available).

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in coverage from last year.

Workers' Compensation

For fiscal year 2023, the School District participated in the Ohio School Boards' Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management Company provides administrative, cost control and actuarial services to the GRP.

Employee Benefits

For fiscal year 2023, the School District participated in the Jefferson Health Plan, an insurance purchasing pool (Note 16). Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

The School District offers medical, surgical, and dental insurance to employees through a self-insurance program. The School District's monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of $495,101 reported in the internal service funds at June 30, 2023, is estimated by and based on the requirements of the Governmental Accounting Standards Board Statement No. 30 which required that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the funds' claims liability amounts for 2022 and 2023 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2022	$438,396	$5,376,322	($5,333,027)	$481,691
2023	481,691	5,508,883	(5,495,473)	495,101

Note 12 – Interfund Transactions

Interfund Balances

Interfund balances at June 30, 2023 consisted of the following:

	Interfund Receivable			
Interfund Payable	General	Other Governmental Funds	Internal Service	Total
General	$0	$0	$437,893	$437,893
ESSER	6,285,470	27,177	0	6,312,647
Other Governmental Funds	1,793,006	0	57,208	1,850,214
Total	$8,078,476	$27,177	$495,101	$8,600,754

The interfund receivables and payables are advances due to the timing of the receipt of grant monies received by various funds. The general fund provides money to operate the programs until grants are received and the advances can be repaid. These advances are expected to be repaid within the next fiscal year. Also included in interfund balances, the general fund owed $437,893, other governmental funds owed $57,208 to the self insurance fund for charges for services. Elementary and Secondary School Emergency relief fund had an interfund payable and other governmental funds had an interfund receivable, in the amount of $27,177, to return grant monies to the appropriate fund.

Transfers

During fiscal year 2023, the general fund transferred $365,817 to other governmental funds to support programs and projects accounted for in other funds.

Note 13 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance 6/30/2022	Additions	Reductions	Balance 6/30/2023
Governmental Activities				
Nondepreciable Capital Assets				
Land	$2,389,900	$0	$0	$2,389,900
Construction in Progress	838,630	9,212,956	0	10,051,586
Total Nondepreciable Capital Assets	3,228,530	9,212,956	0	12,441,486
Depreciable Capital Assets				
Tangible Assets				
Land Improvements	$8,073,430	$0	$0	$8,073,430
Buildings and Improvements	100,286,953	263,061	0	100,550,014
Furniture, Fixtures, and Equipment	8,088,147	2,228,931	0	10,317,078
Vehicles	1,197,367	0	0	1,197,367
Textbooks	1,853,856	0	0	1,853,856
Total Tangible Assets	119,499,753	2,491,992	0	121,991,745
Intangible Right to Use - Lease Assets				
Buildings	316,539	0	0	316,539
Vehicles	706,947	207,129	(706,947)	207,129
Total Intangible Right to Use - Lease Assets	1,023,486	207,129	(706,947)	523,668
Total Depreciable Capital Assets	$120,523,239	$2,699,121	($706,947)	$122,515,413

(continued)

	Balance 6/30/2022	Additions	Reductions	Balance 6/30/2023
Governmental Activities (continued)				
Less Accumulated Depreciation/Amortization				
Depreciation				
Land Improvements	($1,780,286)	($128,447)	$0	($1,908,733)
Buildings and Improvements	(45,327,291)	(2,465,874)	0	(47,793,165)
Furniture, Fixtures, and Equipment	(6,829,768)	(239,595)	0	(7,069,363)
Vehicles	(442,622)	(65,198)	0	(507,820)
Textbooks	(1,853,856)	0	0	(1,853,856)
Total Depreciation	(56,233,823)	(2,899,114)	0	(59,132,937)
Amortization				
Intangible Right to Use - Lease Assets				
Buildings	(52,757)	(52,757)	0	(105,514)
Vehicles	(565,556)	(66,394)	600,882	(31,068)
Total Intangible Right to Use - Lease Assets	(618,313)	(119,151)	600,882	(136,582)
Total Accumulated Depreciation/Amortization	(56,852,136)	(3,018,265)	600,882	(59,269,519)
Total Depreciable Capital Assets, Net	63,671,103	(319,144)	(106,065)	63,245,894
Governmental Activities Capital Assets, Net	$66,899,633	$8,893,812	($106,065)	$75,687,380

During 2023, the School District received fitness equipment valued at $30,000 from National Fitness in governmental activities.

* Depreciation/amortization expense was charged to governmental functions as follows:

	Depreciation	Amortization	Total
Instruction:			
Regular	$2,625,376	$58,766	$2,684,142
Special	9,655	0	9,655
Vocational	18,229	541	18,770
Support Services:			
Pupils	1,325	0	1,325
Instructional Staff	5,981	450	6,431
Administration	4,790	256	5,046
Business	1,315	99	1,414
Operation and Maintenance of Plant	27,984	270	28,254
Pupil Transportation	57,623	53,933	111,556
Central	7,638	423	8,061
Operation of Non-Instructional/Share Service	111,101	3,315	114,416
Extracurricular Activities	28,097	1,098	29,195
Total	$2,899,114	$119,151	$3,018,265

Note 14 – Compensated Absences

The criteria for determining vacation and sick leave benefits is derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service and hours worked. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Each employee earns sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 365 days (certificated employees and administrators) and 305 days (non-certificated employees). Upon retirement after 25 years of service, payment is made equal to 35 percent of the accumulated and unused sick leave days for non-certificated employees. Certificated employees who submit their retirement in writing on or before March 31, to be effective the last day of the school year and who were employed prior to July 1, 2002, receive payment equal to 50 percent of their accumulated and unused sick leave days. Certificated employees who submit their retirement in writing on or before March 31, to be effective the last day of the school year and who were employed on or after July 1, 2002, receive payment equal to 35 percent of their accumulated and unused sick leave days. Retirements announced for certificated employees after March 31, receive payment equal to 25 percent of their accumulated and unused sick leave days. For purposes of retirement, the employee receiving such payment must meet the eligibility requirement provisions set by STRS or SERS.

Note 15 – Related Organization

The East Cleveland Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the East Cleveland City School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the East Cleveland Public Library, Mr. Ross Cockfield, Fiscal Officer, at 14101 Euclid Avenue, East Cleveland, Ohio 44112.

Note 16 – Public Entity Risk Pool

Insurance Purchasing Pools

Jefferson Health Plan The School District participates in the Jefferson Health Plan (Plan), a risk-sharing, claims servicing, and insurance purchasing pool, including two insurance consortiums. Each participant appoints a member of the insurance plan's assembly. The Plan's business and affairs are conducted by a nine member Board of Directors elected from the assembly. The Plan offers medical, dental, and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$100,000, under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$500,000, and all claims between the deductible limit and the \$500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan's participants. All participants pay a premium rate that is actuarially calculated based on the participant's actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding $500,000, stop loss coverage is purchased, as well as from an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services.

Ohio School Boards' Association Workers' Compensation Group Rating Program The School District participates in the Ohio School Boards' Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 17 – Jointly Governed Organizations

Connect Connect is a jointly governed organization comprised of twenty-four member school districts, three educational service centers, and the Ohio Schools' Council. The jointly governed organization was formed for the purpose of providing support and leadership which enables organizations to achieve their objectives through innovative and cost effective shared technology solutions. Connect is governed by a four member Board of Directors consisting of the Superintendent of the Educational Service Center of Cuyahoga County, the Superintendent of the Educational Service Center of Lorain County, the Superintendent of the Educational Service Center of Medina County and the Executive Director of the Ohio Schools Council. The degree of control exercised by any participating school district is limited to its representation of the Governing Board. The Board exercises total control over the operation of the organization including budgeting, appropriating, contracting and designating management. Each participating entity's contribution to Connect is dependent upon student enrollment and/or software packages and services utilized. Financial information for Connect can be obtained by contacting the Treasurer at the Cuyahoga County Educational Service Center, which serves as fiscal agent. During fiscal year 2023, the School District contributed $210,314 to Connect. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 6393 Oak Tree Boulevard, Independence, Ohio 44131.

Ohio Schools' Council Association The Ohio Schools' Council Association (Council) is a jointly governed organization among 274 school districts. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The degree of control exercised by any participating school district is limited to its representation on the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board exercises total control over the operations of the Council including budgetary, appropriating, contracting and designating management. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2023, the School District paid $40,010 to the Ohio Schools' Council. Financial information can be obtained by contacting William Zelei, the Executive Director at the Ohio Schools' Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

The School District participates in the Council's electric purchase program. The Council provides over 250 school districts in the Ohio Edison, The Illuminating Company, Toledo Edison, Duke Energy and AEP Ohio Power service areas the ability to purchase electricity at reduced rates. The Council's current program, Power 4 Schools, provides for a fixed per kilowatt-hour for electricity generation until December 2023.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Constellation New Energy serves as the new supplier and program manager for the period from June 1, 2022 through June 30, 2025. There are currently 185 members in the Program. The participants make monthly payments based on estimated usage and estimated prices. Each August, these estimated payments are compared to their actual usage and actual prices for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in August until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the August monthly estimated billing. Any school district that requests a refund of their excess amount has the amount returned in November of that fiscal year.

Note 18 – Set Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years.

The following cash basis information describes the change in the fiscal year end set aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	Capital Improvement
Set-aside Balances as of June 30, 2022	($9,492,300)
Current Year Set-aside Requirement	315,187
Qualifying Disbursements	(438,148)
Totals	($9,615,261)
Set-aside Balance Carried Forward to Future Fiscal Years	($9,615,261)
Set-aside Balances as of June 30, 2023	$0

Note 19 – Long Term Obligations

Original issue amounts and interest rates of the School District's debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
Direct Borrowings:			
Financed Purchase - Energy Conservation	4.25%	$2,570,887	2020 to 2030
Leases Payable - Bus Garage	2.66%	480,000	2017 to 2027
Leases Payable - Equipment	7.20%	706,947	2019 to 2023

The changes in the School District's long-term obligations during the fiscal year consist of the following:

	Principal Outstanding 6/30/22	Additions	(Reductions)	Principal Outstanding 6/30/23	Amount Due in One Year
Governmental Activities					
Direct Borrowings:					
Financed Purchase -					
Energy Conservation	$2,025,711	$0	($234,634)	$1,791,077	$244,712
Other Long-Term Obligations:					
Net Pension Liability:					
STRS	15,411,686	9,627,633	0	25,039,319	0
SERS	5,157,440	2,258,454	0	7,415,894	0
Total Net Pension Liability	20,569,126	11,886,087	0	32,455,213	0
Net OPEB Liability:					
SERS	2,493,088	0	(673,533)	1,819,555	0
Lease Payables	355,087	207,129	(134,940)	427,276	99,208
Compensated Absences	3,942,242	54,393	(736,959)	3,259,676	550,845
Total Other Long-Term Obligations	27,359,543	12,147,609	(1,545,432)	37,961,720	650,053
Total Governmental Activities	$29,385,254	$12,147,609	($1,780,066)	$39,752,797	$894,765

The overall debt margin of the School District as of June 30, 2023, was $14,157,759 with an unvoted debt margin of $157,308.

The financed purchase from direct borrowing and lease payables are paid from the general fund. Compensated absences will be paid from the general, other local grants, food service, public school preschool, title VI-B, title I, and class size reduction grant special revenue funds. There is no repayment schedule for the net pension liability or net OPEB liability. However, employer pension contributions are made from the following funds: general, food service, other local grants, public school preschool, title VI-B, title I school improvement, title I and class size reduction grant special revenue funds. For additional information related to the net pension liability and net OPEB liability, see Notes 22 and 23, respectively.

Principal and interest requirements to retire the financed purchase outstanding at June 30, 2023 are as follows:

	Financed Purchase - Direct Borrowing	
	Energy Conservation	
	Principal	Interest
2024	$244,712	$73,548
2025	255,223	63,037
2023	266,185	52,075
2027	277,618	40,642
2028	289,542	28,718
2029-2030	457,797	19,593
Total	$1,791,077	$277,613

The School District has outstanding agreements to lease a bus garage and copiers. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. A summary of the principal and interest amounts for the remaining leases is as follows:

Year	Principal	Interest
2024	$99,208	$18,623
2025	104,082	13,748
2026	109,251	8,579
2027	114,735	3,095
	$427,276	$44,045

Note 20 – Significant Commitments

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	$2,170,096
ESSER	4,452,061
Other Governmental Funds	505,667
Total	$7,127,824

Contractual Commitments

At June 30, 2023, the School District's significant contractual commitments consisted of:

Project	Contract Amount	Amount Paid to Date	Remaining Contract
Stadium Project Outdoor Learning Center	$7,740,061	$5,446,294	$2,293,767
SCG Fields	2,384,507	2,284,507	100,000
Total	$10,124,568	$7,730,801	$2,393,767

The amounts remaining on these contracts were encumbered at fiscal year end. The amounts of $506,039 and $487,223 in contracts and retainage payable, have been capitalized.

Note 21 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2023, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Note 22 - Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represents the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 23 for the required OPEB disclosures.

School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was $839,679 for fiscal year 2023. Of this amount $24,232 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was $2,126,543 for fiscal year 2023. Of this amount $259,715 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.13710850%	0.11263688%	
Prior Measurement Date	0.13977900%	0.12053658%	
Change in Proportionate Share	-0.00267050%	-0.00789970%	
Proportionate Share of the Net Pension Liability	$7,415,894	$25,039,319	$32,455,213
Pension Expense	($309,746)	$740,370	$430,624

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$300,350	$320,535	$620,885
Changes of assumptions	73,174	2,996,454	3,069,628
Net difference between projected and actual earnings on pension plan investments	0	871,314	871,314
School District contributions subsequent to the measurement date	839,679	2,126,543	2,966,222
Total Deferred Outflows of Resources	$1,213,203	$6,314,846	$7,528,049

	SERS	STRS	Total
Deferred Inflows of Resources			
Differences between expected and actual experience	$48,684	$95,784	$144,468
Changes of assumptions	0	2,255,469	2,255,469
Net difference between projected and actual earnings on pension plan investments	258,780	0	258,780
Changes in proportionate share and Difference between School District contributions and proportionate share of contributions	428,318	4,081,574	4,509,892
Total Deferred Inflows of Resources	$735,782	$6,432,827	$7,168,609

$2,966,222 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($349,040)	($1,477,526)	($1,826,566)
2025	(73,595)	(1,372,137)	(1,445,732)
2026	(369,674)	(1,934,254)	(2,303,928)
2027	430,051	2,539,393	2,969,444
Total	($362,258)	($2,244,524)	($2,606,782)

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022, are presented below:

	June 30, 2022
Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$10,915,842	$7,415,894	$4,467,235

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022
Inflation	2.50 percent
Salary increases	From 2.5 percent to 12.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

For 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates, thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00%	

* Target allocation percentage is effective July 1, 2022. Target weights were phased in over a 3 month period concluding on October 1, 2022
** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$37,825,297	$25,039,319	$14,226,342

Note 23 - Defined Benefit OPEB Plans

See note 22 for a description of the net OPEB liability (asset)

School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was $34,274.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $34,274 for fiscal year 2023. Of this amount $34,274 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.12959690%	0.11263688%	
Prior Measurement Date	0.13172940%	0.12053658%	
Change in Proportionate Share	-0.00213250%	-0.00789970%	
Proportionate Share of the:			
Net OPEB Liability	$1,819,555	$0	$1,819,555
Net OPEB (Asset)	$0	($2,916,545)	($2,916,545)
OPEB Expense	($410,157)	($629,957)	($1,040,114)

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$15,296	$42,279	$57,575
Changes of assumptions	289,424	124,235	413,659
Net difference between projected and actual earnings on OPEB plan investments	9,457	50,770	60,227
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	0	8,638	8,638
School District contributions subsequent to the measurement date	34,274	0	34,274
Total Deferred Outflows of Resources	$348,451	$225,922	$574,373

	SERS	STRS	Total
Deferred Inflows of Resources			
Differences between expected and actual experience	$1,163,920	$438,009	$1,601,929
Changes of assumptions	746,941	2,068,110	2,815,051
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	1,013,464	223,886	1,237,350
Total Deferred Inflows of Resources	$2,924,325	$2,730,005	$5,654,330

$34,274 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($651,813)	($773,313)	($1,425,126)
2025	(594,127)	(765,573)	(1,359,700)
2026	(512,578)	(319,638)	(832,216)
2027	(376,095)	(131,016)	(507,111)
2028	(224,952)	(171,096)	(396,048)
Thereafter	(250,583)	(343,447)	(594,030)
Total	($2,610,148)	($2,504,083)	($5,114,231)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022, are presented below:

	June 30, 2022
Inflation	2.40 percent
Future Salary Increases, including inflation	
Wage Increases	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044
Municipal Bond Index Rate:	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.08 percent
Prior Measurement Date	2.27 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	7.00 to 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 22.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022, and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69 percent at June 30, 2022 and 1.92 percent at June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	$2,259,913	$1,819,555	$1,464,064

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	$1,403,203	$1,819,555	$2,363,376

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 22.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB (asset)	($2,696,268)	($2,913,545)	($3,105,229)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	($3,025,165)	($2,916,545)	($2,779,436)

East Cleveland City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Ten Fiscal Years **

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.13710850%	0.13977900%	0.16319800%	0.16906890%
School District's Proportionate Share of the Net Pension Liability	$7,415,894	$5,157,440	$10,794,260	$10,115,688
School District's Covered Payroll	$5,133,450	$4,833,521	$6,208,514	$6,234,474
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	144.46%	106.70%	173.86%	162.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.16523360%	0.18753560%	0.20124960%	0.17535119%	0.19417047%	0.19417047%
$9,463,234	$11,204,839	$14,729,613	$11,483,988	$11,160,847	$13,114,152
$6,000,237	$6,000,179	$6,224,693	$6,134,211	$6,685,412	$6,419,908
157.71%	186.74%	236.63%	187.21%	166.94%	204.27%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

East Cleveland City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Seven Fiscal Years (1) **

	2023	2022	2021	2020
School District's Proportion of the Net OPEB Liability	0.12959690%	0.13172940%	0.15847690%	0.16624800%
School District's Proportionate Share of the Net OPEB Liability	$1,819,555	$2,493,088	$3,444,222	$4,180,788
School District's Covered Payroll	$5,133,450	$4,833,521	$6,208,514	$6,234,474
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.45%	51.58%	55.48%	67.06%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%

(1) Information prior to 2017 is not available.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2019	2018	2017
0.16509610%	0.18321750%	0.19828290%
$4,580,212	$4,917,077	$5,651,796
$6,000,237	$6,000,179	$6,224,693
76.33%	81.95%	90.80%
13.57%	12.46%	11.49%

East Cleveland City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Ten Fiscal Years **

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.11263688%	0.12053658%	0.13883570%	0.13939456%
School District's Proportionate Share of the Net Pension Liability	$25,039,319	$15,411,686	$33,593,301	$30,826,268
School District's Covered Payroll	$14,536,736	$14,745,036	$16,715,979	$16,066,386
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	172.25%	104.52%	200.97%	191.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.14560464%	0.16225731%	0.16919372%	0.17535119%	0.19417040%	0.19417047%
$32,015,191	$38,544,572	$56,634,237	$48,461,939	$47,228,977	$56,258,850
$16,538,050	$16,711,821	$18,342,043	$18,037,057	$19,650,654	$22,242,054
193.59%	230.64%	308.77%	268.68%	240.34%	252.94%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

East Cleveland City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
*Last Seven Fiscal Years (1) **

	2023	2022	2021	2020
School District's Proportion of the Net OPEB Liability/Asset	0.11263688%	0.12053658%	0.13883570%	0.13939456%
School District's Proportionate Share of the Net OPEB Liability (Asset)	($2,916,545)	($2,541,414)	($2,440,034)	($2,308,708)
School District's Covered Payroll	$14,536,736	$14,745,036	$16,715,979	$16,066,386
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-20.06%	-17.24%	-14.60%	-14.37%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.70%	174.70%	182.10%	174.70%

(1) Information prior to 2017 is not available.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2019	2018	2017
0.14560464%	0.16225731%	0.16193720%
($2,339,718)	$6,330,682	$8,660,444
$16,538,050	$16,711,821	$18,342,043
-14.15%	37.88%	47.22%
176.00%	47.10%	37.30%

East Cleveland City School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020
Net Pension Liability				
Contractually Required Contribution	$839,679	$718,683	$676,693	$869,192
Contributions in Relation to the Contractually Required Contribution	(839,679)	(718,683)	(676,693)	(869,192)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$5,997,707	$5,133,450	$4,833,521	$6,208,514
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution (2)	$34,274	$30,430	$27,366	$50,380
Contributions in Relation to the Contractually Required Contribution	(34,274)	(30,430)	(27,366)	(50,380)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.57%	0.59%	0.57%	0.81%
Total Contributions as a Percentage of Covered Payroll (2)	14.57%	14.59%	14.57%	14.81%

(1) The School District's covered payroll is the same for Pension and OPEB.
(2) Includes Surcharge

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
$841,654	$810,032	$840,025	$871,457	$808,489	$875,789
(841,654)	(810,032)	(840,025)	(871,457)	(808,489)	(875,789)
$0	$0	$0	$0	$0	$0
$6,234,474	$6,000,237	$6,000,179	$6,224,693	$6,134,211	$6,685,412
13.50%	13.50%	14.00%	14.00%	13.18%	13.10%
$99,771	$107,942	$67,073	$76,042	$116,220	$80,256
(99,771)	(107,942)	(67,073)	(76,042)	(116,220)	(80,256)
$0	$0	$0	$0	$0	$0
1.60%	1.80%	1.12%	1.22%	1.89%	1.20%
15.10%	15.30%	15.12%	15.22%	15.07%	14.30%

East Cleveland City School District
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020
Net Pension Liability				
Contractually Required Contribution	$2,126,543	$2,035,143	$2,064,305	$2,340,237
Contributions in Relation to the Contractually Required Contribution	(2,126,543)	(2,035,143)	(2,064,305)	(2,340,237)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$15,189,593	$14,536,736	$14,745,036	$16,715,979
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
$2,249,294	$2,315,327	$2,339,655	$2,567,886	$2,525,188	$2,554,585
(2,249,294)	(2,315,327)	(2,339,655)	(2,567,886)	(2,525,188)	(2,554,585)
$0	$0	$0	$0	$0	$0
$16,066,386	$16,538,050	$16,711,821	$18,342,043	$18,037,057	$19,650,654
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%
$0	$0	$0	$0	$0	$196,507
0	0	0	0	0	(196,507)
$0	$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	From 2.5 percent to 12.5 percent based on age	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, ,2013 or later, 2 percent COLA commences on fifth anniversary of retirement date

Beginning with fiscal year 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Changes in Benefit Term – STRS

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

Net OPEB Liability

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent.)

Changes in Benefit Terms – STRS

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022 premium based on June 30, 2021 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience.

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EAST CLEVELAND CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR *Pass Through Grantor* Program/Cluster Title	Federal Assistance Listing Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through the Ohio Department of Education:		
Child Nutrition Cluster		
National School Lunch Program	10.555	$642,622
School Breakfast Program	10.553	316,730
National School Lunch Program - Non-Cash	10.555	80,201
Total Child Nutrition Cluster		1,039,553
Total U.S. Department of Agriculture		**1,039,553**
U.S. DEPARTMENT OF DEFENSE		
Direct Program:		
Junior ROTC	12.000	20,953
Total U.S. Department of Defense		**20,953**
U.S. DEPARTMENT OF EDUCATION		
Passed Through the Ohio Department of Education:		
Title I Grants to Local Educational Agencies - 2023	84.010	158,280
Title IA Improving Basic Programs - 2022	84.010A	308,827
Title IA Improving Basic Programs - 2023	84.010A	2,354,499
Total Title 1 Grants to Local Educational Agencies		2,821,606
English Language Acquisition State Grants		
English Language Acquisition State Grants - 2022	84.365	156,270
English Language Acquisition State Grants - 2023	84.365	324,633
Total English Language Acquisition State Grants		480,903
Special Education Cluster (IDEA):		
Special Education Grants to States (IDEA, Part B) - 2022	84.027	32,336
Special Education Grants to States (IDEA, Part B) - 2023	84.027	590,652
COVID-19 Special Education Grants to States (IDEA, Part B) - 2023	84.027	79,553
Total Special Education		702,541
Special Education - Preschool Grant (IDEA Preschool) - 2023	84.173	7,261
Total Special Education Cluster (IDEA)		709,802
Career and Technical Education - Basic Grants to States		
Career and Technical Education - Basic Grants to States - 2022	84.048	962
Career and Technical Education - Basic Grants to States - 2023	84.048	61,940
Total Career and Technical Education		62,902
Title II, Part A, Supporting Effective Instruction State Grants		
Title II, Part A, Supporting Effective Instruction State Grants - 2022	84.367	43,151
Title II, Part A, Supporting Effective Instruction State Grants - 2023	84.367	197,850
Total Title II, Part A, Supporting Effective Instruction State Grants		241,001
COVID-19 Education Stabilization Fund		
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER I) (CARES) Act -2021	84.425D	2,066
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER I) (CARES) Act -2022	84.425D	14,726
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II) (CRRSA) Act	84.425D	4,999,666
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund - 2022	84.425U	1,310,428
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund - 2023	84.425U	9,247,736
COVID-19 Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth	84.425W	29,000
Total COVID-19 Education Stabilization Fund		15,603,622
Total U.S. Department of Education		**19,919,836**
TOTAL FEDERAL FINANCIAL ASSISTANCE		**$20,980,342**

See the accompanying notes to the Schedule

EAST CLEVELAND CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the East Cleveland City School District (the District) under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE E – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

NOTE F - MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE G - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2023 to 2024 programs:

Program Title	AL Number	Amt. Transferred
Title I Grants to Local Educational Agencies	84.010	$ 403,596
Special Education – Grants to States	84.027	233,984
Title II, Part A, Supporting Effective Instruction State Grants	84.367	89,560
Student Support and Academic Enrichment Program	84.424	16,325

OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

East Cleveland City School District
Cuyahoga County
1843 Stanwood Drive
East Cleveland, Ohio 44112

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Cleveland City School District, Cuyahoga County, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 9, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

April 9, 2024

OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

East Cleveland City School District
Cuyahoga County
1843 Stanwood Drive
East Cleveland, Ohio 44112

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited East Cleveland City School District's, Cuyahoga County, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the East Cleveland City School District's major federal programs for the year ended June 30, 2023. The East Cleveland City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the East Cleveland City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

April 9, 2024

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EAST CLEVELAND CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	AL # 84.425 - Education Stabilization Fund Child Nutrition Cluster
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

3. FINDINGS FOR FEDERAL AWARDS

None

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East Cleveland City Schools

Diana Whitt
Treasurer, Chief Financial Officer
dwhitt@eastclevelandschools.org
216.268.6587

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Unreconciled Bank Variance- Payroll Account	Fully Corrected	None
2022-002	Prevailing Wage Requirements- District did not maintain payroll reports as required by 2 CFR 200 Appendix	Fully Corrected	None

OHIO AUDITOR OF STATE
KEITH FABER

EAST CLEVELAND CITY SCHOOL DISTRICT

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.

Certified for Release 4/23/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370